

Council Tax Protocol

Revised Collection of Council Tax Arrears Good Practice Protocol



Agreed by:

Citizens Advice, June 2017

Local Government Association, June 2017

Norfolk Citizens Advice & Broadland District Council



Council Tax Protocol

We agree to adopt this protocol in
as our public commitment to its principles of fairness, partnership
working and transparency in local authority debt collection:

Signature

.....
Local authority representative

Signature

.....
Local Citizens Advice / advice
agency representative

Signature

.....
Enforcement agency
representative
(where relevant)¹

Signature

.....
External contractor
representative
(where relevant)¹

Date:

¹ Enforcement agents and external contactors may sign this protocol if they and the authority agree that it is appropriate.

Council Tax Protocol

Revised collection of council tax arrears good practice protocol

Council tax payers receive a better level of service when local authorities², enforcement agencies and debt advice agencies work closely together. Early intervention and proactive contact with people struggling with bill payments can help prevent them incurring further charges and help alleviate stress. It can also potentially help reduce both collection costs and calls on local public services, particularly mental health services.

This good practice protocol makes a number of suggestions on how local partnerships can be strengthened and residents better supported. Developed through partnership work between the national bodies representing advice agencies, local government and enforcement agencies throughout England and Wales, it builds upon the previous protocol, which government recommended local authorities adopt in their 2013 guidance. The protocol reflects best practice at local level and is intended to facilitate regular liaison on practices and policy concerning council tax debt collection. In setting down clear procedures and keeping them regularly under review, all parties can ensure that cases of arrears are dealt with appropriately whilst complaints are handled efficiently.

By signing the protocol and adopting the practices set out below, local authorities, enforcement agencies and advice agencies can help taxpayers pay their council tax bills while accessing debt advice when needed.

²Where we use the term 'local authorities', this should also be read to cover a local authority's external contractors, where the local authority has contracted out the administration of some or all of its council tax collection process.

Partnership

To foster more effective partnership working:

1. Local authorities, enforcement agencies and advice agencies should meet as required to discuss practical and policy issues
2. All parties should have dedicated contacts accessible on direct lines and electronically so that issues can be taken up quickly.
3. All parties should promote mutual understanding by providing training workshops, undertaking exchange visits and sharing good practice where applicable.
4. As local authorities are responsible for the overall collections process, they should ensure all their staff, external contractors and enforcement agencies receive the appropriate training, particularly on vulnerability and hardship.
5. Contractual arrangements with enforcement agents should specify procedures for the local authority to take back cases involving vulnerable people. Whilst it is not possible to produce an exhaustive list of types of vulnerability, the contract between the Council and the enforcement agencies should specify the main categories of vulnerability and the process for dealing with them.
6. Local authorities should consider informal complaints as debtors may be afraid to complain formally where enforcement agent activity is ongoing. Informal complaints received from advice agencies can indicate problems worthy of further investigation both locally by the local authority and by referral to national bodies.

Information

To improve the information supplied to council tax payers about the billing process, how to get support and debt advice and to promote engagement:

1. All parties should work together to produce letters that clearly and consistently explain how council tax bills have been calculated (including any Council Tax Support award). Council tax bills [reminders] should make clear council tax is a priority debt and explain the consequences of not making payment by the date specified. As far as possible within the constraints of systems, where a taxpayer has council tax arrears, the letters should explain how the debt has been accumulated and over which time period, the layout and language of bills and letters should be easy to understand, with any letters including a contact phone number and email address. All information should also be made available online in a clear format.
2. Local authorities should consider reviewing payment arrangements and offer more flexible options, including, subject to practicality, different payment dates within the month, spreading payments over 12 months and, potentially, different payment amounts to assist those on fluctuating incomes. This can allow people to budget more effectively.
3. Local authorities and enforcement agents should publicise local and national debt advice contact details on literature and notices. Advice agencies can help by promoting the need for debtors to contact their local authority promptly in order to agree payment plans. Parties can work together to ensure the tone of letters is not intimidating but encouraging of engagement.
4. Local authorities should ensure that enforcement agencies have appropriate information about the council tax debts they are recovering, so they can put this in letters they send to debtors and answer any questions.
5. Local authorities should consider providing literature online about concerns council tax debtors may have about enforcement agents and enforcement. Information could cover charges enforcement agencies are allowed to make by law, how to complain about enforcement agent behaviour or check enforcement agent certification and further help available from the local authority or advice agencies.
6. All parties should work together to review and promote better engagement by council taxpayers. This should include information on how bills can be reduced through reliefs, exemptions and council tax support schemes, advising taxpayers that they should contact the local authority if they experience financial hardship and the consequences of allowing priority debts to accumulate. Information and budgeting tools should be made available on local authority and advice agency websites, via social media and at offices of relevant agencies. This is an opportunity for joint campaign work.

Recovery

If a council tax bill is not paid, then the local authority's recovery process comes into play. While local authorities strive to make early contact with a debtor, the first point of engagement by a debtor often only occurs when an enforcement agent visits the premises. Greater effort should be made at or before the Tribunal Courts and Enforcement Act's compliance stage, including debt and money advice referrals and to assess whether vulnerability or hardship applies, so as to avoid escalating a debt. Therefore:

1. Local authorities and enforcement agencies should work in partnership with advice agencies on the content, language and layout of all documents, produced by the local authority and agents acting on its behalf which are part of the enforcement process. This should aim to ensure that the rights and responsibilities of all parties, particularly those of the debtor, are clearly set out.
2. The initial enforcement letter/statutory notice should provide the debtor with a contact number and email address should they wish to speak to the local authority.
3. Local authorities should keep all charges associated with recovery under annual review to ensure they are reasonable and as clear and transparent as possible and reflect actual costs incurred. Enforcement agents should only make charges in accordance with council tax collection and enforcement regulations, particularly the Tribunal Courts and Enforcement Act.
4. Local authorities should periodically review their corporate policy on debt and recovery, particularly what level of debt (inclusive of liability order fees) should have accrued before enforcement agent action, as enforcement will add additional costs to a debt.
5. As part of their corporate policy on debt and recovery, local authorities should have a process for dealing with cases that are identified as vulnerable, bearing in mind that different local authorities may have different definitions of a vulnerable person or household. Any local definition of vulnerability should be developed in consultation with advice agencies and enforcement agencies and, wherever possible, the local authority should aim to publish clear guidelines on what constitutes vulnerability locally. Where a local authority's vulnerability criteria apply, in these cases, debts should be considered carefully before being passed to enforcement agencies. Where enforcement agents or other parties identify a vulnerable household, recovery action will be referred to the local authority.
6. Local authorities should regularly review and publish their policies which cover hardship, including how these relate to council tax arrears.

7. Where a household is in receipt of Council Tax Support, the local authority should consider matters carefully and determine whether to pass such cases to enforcement agents, based on the individual circumstances of the case.
8. The debtor may have outstanding claims for Universal Credit, Council Tax Support or other benefit(s) which are contributing to their arrears. Local authorities can suspend recovery once it is established that a legitimate and relevant claim is pending.
9. Local authorities and their enforcement agents should consider each case carefully on its own merits with a view to offering a 28 days hold or “breathing space” on enforcement action if debtors are seeking debt advice from an accredited advice provider.
10. Procedures should exist for debt advisers to negotiate payments on behalf of the taxpayer at any point in the process, including when the debt has been passed to the enforcement agent. In some cases, the debtor may only contact an advice agency following a visit from the enforcement agent.
11. Local authorities and enforcement agents should consider accepting and using the Standard Financial Statement (SFS) or Common Financial Statement as the guiding principles in assessing ability to pay as long as this is consistent with securing value for money for all council tax payers.
12. Each case should be examined on its merits and repayment arrangements need to be affordable and sustainable, while ensuring that the debt is paid off within a reasonable period. Where appropriate, local authorities should provide the flexibility to spread repayments over more than a year, including beyond the end of a financial year.
13. Local authorities should prioritise direct deduction from benefits or attachment of earnings in preference to using enforcement agents. This avoids extra debts being incurred by people who may already have substantial liabilities.
14. Clarity should be provided to the debtor and enforcement agency as to which debts are being paid off, in what amounts and when, especially where a debtor has multiple liability orders. Where appropriate, debts should be consolidated before being sent to enforcement agents.
15. Local authorities should publish a clear procedure for people to report complaints about all stages of recovery action. Local authorities will regularly monitor and, subject to requirements of commercial confidentiality and the Data Protection Act, publish the performance (including complaints) of those recovering debts on their behalf and ensure that contractual and legal arrangements are met.

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Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux.

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Joint Commercialisation Strategy

1. Introduction

- 1.1. The Feasibility Study adopted by both Broadland and South Norfolk Councils in July 2018 expressed a number of drivers for the collaboration including the wish to address the funding gaps in both Councils' medium-term financial plans offering greater financial stability.
- 1.2. While there are a number of ways the funding gaps can be addressed including increased Business Rates from enhanced economic growth, increased Council Tax base due to faster delivery of planned housing, increased grant income from more successful bids and access to new funding opportunities currently unavailable to each Council separately, the Feasibility Study included proposals around Commercial Opportunities which the collaboration would assist in facilitating. This Commercialisation Strategy outlines how these will be taken forward.

2. Background

- 2.1. Broadland and South Norfolk Council, like many local authorities, continue to operate in a climate of financial uncertainty with increasing demands on services alongside unpredictable future changes to Government funding, from the rollout of the 75% Business Rates Retention Scheme and the Fair Funding Review, as well as a lack of clarity around the New Homes Bonus funding.
- 2.2. It is against this background that both Councils have made efficiencies and savings over the years, as the Revenue Support Grants have disappeared, in order to deliver balanced budgets but the Medium Term Financial Plans for both Councils' have funding gaps. Developing the Councils' commercial approaches, alongside reimagining how we provide services, will assist in closing these gaps while ensuring the Councils continue to deliver services to at the same level to those that need them.

3. Definition of Commercialisation

- 3.1. For the purposes of this Strategy, Commercialisation is defined as:
"Commercialisation means the delivery of services by the Councils' or their Companies, in a manner which results in at least one of the following: income generation, greater efficiency or cost reduction, although this may not be the primary or only aim of the provision of the services."

4. Scope

4.1. The following outlines what is included and excluded from the scope of this Strategy.

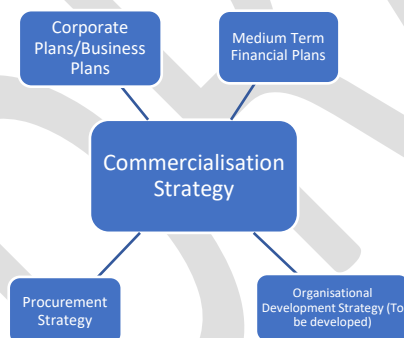
Inclusions:

- Income generated from fees and charges to the public, businesses and other organisations for statutory and discretionary services where charging is permissible
- Council delivered services, internally and externally traded services and services provide on behalf of the Council by a third party
- Commercial companies owned by the Councils
- Council Assets
- Utilising cash reserves and balances to generate income or efficiencies through non-treasury managements investments e.g. loans to subsidiaries, investment properties

Exclusions:

- Council Tax and Business Rates
- Investment Income from Treasury Management Investments - this is managed through the Councils' Treasury Management Strategies
- Income from statutory and discretionary services where charging is not permissible, or fees are set nationally
- Any grant income

5. Links to other Council Strategies and Policies



6. Aim

6.1. To maximise returns, (financial and social) from both Councils, taking a commercial approach consistent with their individual risk approach, to protect and enhance front line services by becoming financially self-sustainable.

7. Strategic Objectives

- Take a commercial approach to service design and management while having regard to our public service ethos promoting equity and fairness
- Encouraging innovation while optimising assets and services
- Exploit opportunities to generate income surplus for reinvestment by increasing income, reducing cost and maximising efficiency
- Ensure that decisions are taken with regards to the Councils' Environmental policies.

8. How we will deliver the Strategic Objectives:

The delivery of the Strategic Objectives applies to those areas defined in section 4 above as within scope.

8.1. Income Generation

- Provide a consistent approach within each Council in setting and reviewing fees and charges with an aim to achieving full cost recovery where appropriate to do so and a standard approach to concession pricing.
- Ensure that fees and charges reflect market rates and are benchmarked against other service providers and reviewed annually to ensure they are competitive and viable.
- Be cognisant that in certain circumstance reducing fees and charges can increase the customer base and overall income levels.
- Use Customer Insight to up-sell and cross-sell where feasible and appropriate to ensure the services delivered are the services the customer wants.
- Use Marketing Strategies and approaches to deploy our brand most effectively within the marketplace, building our reputation and making use of our unique selling points and our local authority ethos to generate maximum returns.

8.2. Service Costs and Delivery

- Use Customer Insight to understand behaviours and how they drive demand. Re-engineer processes to manage demands.
- Re-engineer processes to ensure they are efficient, effective and responsive.
- Compare the cost of service and income recovery against peers having adjusted for activity levels.
- Evaluate delivery models, reviewing alternatives and potential funding streams to deliver the most effective approach.

- Attract alternative investment models such as social investment.
- Use technology to increase access for customers, allowing them to self-serve where appropriate so that staff can concentrate on those customers who need transformative services.
- Develop and shape supplier markets.
- Maximise the use of Council land and buildings or consider realising their value through disposal.

8.3. Commercial Opportunities

- Ensure resources are focused in taking forward genuine opportunities rather than every commercial opportunity that may exist through developing robust business cases to support new initiatives and ideas to demonstrate their viability before deployment.
- Understand existing markets and customer base to explore whether this can be expanded upon.
- Use business intelligence to analyse current service demands and trends and gain competitive advantages.
- Use the Councils' reserves to invest in developing commercial opportunities balancing risk and reward.
- Investigate innovative financing to fund income generation proposals.

8.4. Creating the Right Environment

- Engage with staff at all levels to ensure they have the skills necessary to work commercially and confidence to develop new ideas and be innovative.
- Embed a commercial approach throughout the one team.

8.5. Approach to Risk

- In applying a commercial approach or identifying opportunities, the associated risks will need to be identified and analysed prior to decisions being taken.
- The level of acceptable risk will differ for each Council and will be dependent on the individual activity and overall risk exposure.
- Risks to be considered will include:
 - Financial
 - Reputation
 - Environmental
 - Legal
 - Social
 - Economic

8.6. Governance

- Ensure robust scrutiny of business case models.

8.7.Measuring our success

- Set clear financial and non-financial performance targets for service delivery to clearly understand how we are achieving which will be reported quarterly to each Council's Cabinet.

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High Level Action Plan:

Opportunities to explore which were outlined in the Feasibility Study included:

Existing Commercial ventures – investigate where there could be potential for further commercial opportunities and income streams. These included:

- Assets Management Company
- Property rental and investments income
- Affordable Housing one-stop shop
- Temporary Accommodation
- HR Services to Parishes

Existing income from services – operating in a business-like and commercial way there are a number of differences in income-generation and/or service delivery approaches that each Council could benefit by sharing experiences, as listed below. The redesign of services under the new one team approach; aligning policies, procedures and processes will assist in driving further efficiencies.

- Bin Charging – now approved at Council
- Pre-application planning advice fees
- Street naming and numbering charges
- Commercial Trade Waste

Commercial activities in other councils – investigate potential initiatives which other councils have delivered which the Councils could adopt, areas identified within the Feasibility Study included:

- Commercial Web Advertising
- Energy Provider Partnership
- Service Provision to other local authorities
- Lotteries
- Burial Services

Developing staff - to ensure they have the necessary skills to deliver a commercial approach.

1. IMPACT OF NHS TRUST BUSINESS RATES CHALLENGE 2019/20**Update to paragraphs 3.11& 3.12 of the main report**

- 1.1 This addendum provides an update based on the latest information available of the impact on the business rates pool should the NHS Trust Business Rates Challenge be resolved in 2019/20 in favour of the NHS and the Government does not mitigate the impact. The Business Rates figures continue and will continue to change but the figures below are the most up to date. As part of the calculation of the 75% Pilot an element of the growth is equally shared amongst districts and therefore the information requires information from all parties to feed into the calculations.
- 1.2 Under the business rates retention system, the costs in the event of a successful challenge would be shared between central and local government. Due to the operation of the 75% pilot the impact of a successful challenge by the NHS Trusts in 2019/20 has been estimated to be in the region of £37m of which £28m would be borne locally

Table 1: NHS Trust challenge risk to individual authority pilot action 2019-20 Potential reduced pilot income (75%)	
£m	
Breckland	-0.242
Broadland	-0.571
Great Yarmouth	-1.928
King's Lynn and West Norfolk	-2.120
North Norfolk	-0.532
Norwich	-2.070
South Norfolk	-8.398
District sub-total	-15.860
Norfolk County Council	-12.128
Norfolk Total	-27.988

- 1.3 For the 2019/20 pilot, the NHS Trust business rates challenge has the potential to significantly reduce business rates income in Norfolk, of which the only element of funding guaranteed within the pilot is the 95% of the baseline funding level. The income for Great Yarmouth, Norwich and South Norfolk would be reduced by so much that it would put them in a safety-net position requiring the remaining piloting authorities to fund safety-net payments totalling £7.030m.

- 1.4 A £1m Local Volatility Fund is available, which would leave £6.030m (7.030 – 1.000) of safety-net payment to be funded. The pool could also consider holding back payment to economic development projects from the 2018-19 pool levy pot to fund the safety-net payments above the £1m. If all of the available funding is allocated to economic development projects the remaining £6.030m would need to be funded from the other authority revenue budgets as follows –

Table 2 Forecast funding of £6.030m Safety-Net	
Forecast funding of £6.030m safety-net	
£m	
Breckland	-1.796
Broadland	-0.948
King's Lynn and West Norfolk	-1.227
North Norfolk	-1.340
Norfolk County Council	-0.719
Norfolk Total	-6.030

- 1.5 For Broadland Council the worst-case scenario is that it would have to fund £948K of safety net payments in 2019/20.
- 1.6 For the avoidance of doubt, the worst-case scenario for each individual authority above the safety-net level is forecast to be a combination of the values in Tables 1 and 2 above.